

1 Q Now was it ever brought to your attention that there
2 could be a conflict of interest between Mr. May's law firm
3 representing both NMTV and TBN in this proceeding?

4 A Yes. Oh, yes. That was discussed. That was the
5 main item on the agenda.

6 Q And give me your best recollection of the substance
7 of what, of, of what was discussed on that point.

8 A Basically that there were advantages and
9 disadvantages. We were given a written document that spelled
10 out the advantages and disadvantages of a joint
11 representation. And that served as the basis of our
12 discussion.

13 Q And that was the, that was the, the basis for
14 retaining the Topel, Howard's, Topel's law firm and going
15 forward with Colby May's law firm?

16 A Yes. That was one of the possibilities stated
17 there.

18 COURT REPORTER: May I change the tape?

19 JUDGE CHACHKIN: All right. Well, we are at the --

20 (Whereupon, a lunch recess was taken from 12:30 p.m.
21 until 1:30 p.m.)

22
23
24
25

1 A F T E R N O O N S E S S I O N

2 JUDGE CHACHKIN: Back on the record. Mr. Cohen.

3 MR. COHEN: Thank you, Your Honor.

4 BY MR. COHEN:

5 Q Have you ever heard of a, of a company called Media
6 Services Agency, sir?

7 A No, sir.

8 Q So you don't know if they provide any services for
9 the Portland station.

10 A No, sir.

11 Q Have you ever heard of a company called Planck
12 Construction Company spelled P-L-A-N-C-K?

13 A No, sir.

14 Q So you don't know if, if that company provides any
15 services for NMTV.

16 A No, I don't.

17 Q I'd like to ask you if you would to look at Mass
18 Media Bureau Exhibit 125.

19 MR. COHEN: And that is in what volume, Mr. Topel?

20 I can --

21 (Pause.)

22 MR. TOPEL: It's in volume 3. I'm sorry.

23 DR. RAMIREZ: Yeah. Um-hum.

24 MR. COHEN: Thank you, Howard.

25 MR. TOPEL: Mr. Cohen, I promised you at the start

1 of your testimony I would call out the volumes. And I was
2 sleeping at the --

3 MR. COHEN: I want to make sure -- let me just look
4 and see we're talking about the same document. We are.

5 BY MR. COHEN:

6 Q Would you just spend a moment and, and read that
7 document, and then tell me when you've read it, sir?

8 A Yes.

9 Q Thank you.

10 (Pause.)

11 A I read it.

12 Q Now that document long antedates the time you came
13 on the board.

14 A Correct.

15 Q States as of January 26, 1987.

16 A Yes.

17 Q I want to make sure you're aware of that.

18 A Yes.

19 Q Now the question I had is first of all, have you
20 ever seen this document before?

21 A I may have read through it with the files that I
22 read initially.

23 Q You mean as part of the material that Mrs. Duff gave
24 you.

25 A Yes.

1 Q But you've never focused on this document --

2 A No.

3 Q -- until this minute.

4 A Right.

5 Q Okay. I'm, I'm not going to be asking you anything
6 about the first paragraph -- the second paragraph about the
7 Odessa station. That is not the subject of my questioning.

8 A Um-hum.

9 Q I want to ask you about the last paragraph. And my
10 question is do you know, sir, as you sit here now as to
11 whether Trinity Broadcasting Network, Inc. is acting as the
12 accounting agent for NMTV?

13 A Yes.

14 Q Is it, is it providing -- is it acting as accounting
15 agent pursuant to this document?

16 A I believe what the, the services they are providing
17 reflects what is written here.

18 Q So is it your understanding that this agreement --
19 this document, this document rather. Now I'm going to keep
20 saying agreement, and it's not an agreement. Is it your
21 understanding that this document is still in effect?

22 A Again I do not know if this document is the basis of
23 what, of what services they provide. But it reflects or the
24 services they provide. But I do not know whether this is the
25 only basis or there was a subsequent reiteration or if --

1 Q Maybe I can help you then. And I want to try to do
2 that. Next then please look at Bureau Exhibit 337.

3 MR. TOPEL: That's in volume 6.

4 (Pause.)

5 MR. COHEN: No, that's just the -- I must have the
6 wrong -- either you or I have the wrong --

7 DR. RAMIREZ: Is it 336?

8 MR. COHEN: Did I, did I say --

9 MR. TOPEL: 337.

10 MR. COHEN: 337.

11 MR. TOPEL: 337 in volume 6.

12 MR. COHEN: That's right.

13 BY MR. COHEN:

14 Q And would you spend a few minutes and review that
15 document.

16 A Yes.

17 Q And tell me when you've read it.

18 (Pause.)

19 A Okay.

20 Q You read it.

21 A Yes.

22 Q Now have you read -- have you seen this document
23 before this very minute?

24 A Yes, sir.

25 Q And, and tell me, please, when you saw it for the

1 first time.

2 A The time of my reviewing the files for the first
3 time.

4 Q This was one of the, the documents that were in the
5 files that Mrs. Duff made available.

6 A Yes.

7 Q And you -- and in your review, you came upon this
8 document.

9 A Yes, sir.

10 Q Now have you had occasion to discuss this document,
11 that is the agreement to provide business services, with Mrs.
12 Duff?

13 A No, sir.

14 Q Have you had occasion to discuss it with Mr., with
15 Paul Crouch?

16 A No, sir.

17 Q Have you had occasion to discuss it with anyone in
18 the world?

19 A No, sir.

20 Q Have you talked about the, the terms of this
21 agreement with anybody in the world?

22 A No, I have not seen any need to.

23 Q Now are the provisions -- and I want to be fair to
24 you. You'll notice the termination date of this agreement is
25 December 31, 1994. That's in section 4 on page 2, you see

1 that?

2 A Yes.

3 Q Okay. And the question I have is to your knowledge
4 are the provisions of this agreement in effect as of this
5 moment?

6 A Yes. To my knowledge, yes.

7 Q Now you didn't know that at the time of your
8 deposition. Am I correct? Well, let me read you your
9 deposition.

10 A Yes.

11 Q On September 21, page 76 --

12 A If it says that --

13 Q -- line 2 --

14 A -- I didn't --

15 Q Well --

16 A -- that's fine.

17 Q Well, I don't want -- let's do it the right way.
18 Line 2, "So do you know if this agreement is still in effect?"
19 And your answer on line 4 was, "No, I would imagine -- I
20 really don't know. I would assume it is but I'm not sure."
21 Now what I want to ask you, sir, is to look at the first
22 sentence of, of section 2 on page 1 where you see that TBN
23 agrees to provide bookkeeping and accounting services.

24 A Yes.

25 Q And what bookkeeping and accounting services are,

1 are being provided by TBN to NMTV to your knowledge?

2 A Well, I, I believe it includes everything that's
3 spelled out right there in, in the same paragraph. That is my
4 understanding.

5 Q And your understanding is based upon your reading of
6 the document? Or is it based on something else?

7 A Well, conversations, I think recollection of the
8 documents. That that's basically what TBN is providing for
9 NMTV.

10 Q Now you'll notice that the, that paragraph in the
11 last sentence states that TBN agrees to provide company, and
12 that's NMTV, with oral and written reports. You see that?

13 A Yes.

14 Q Regarding such services. To your knowledge, has
15 NMTV ever requested Trinity to provide any oral reports?

16 A I do not know, sir.

17 Q To your knowledge, has NMTV ever requested any
18 written reports?

19 A I cannot pinpoint. But I guess as part of the
20 documents I reviewed.

21 Q Do you have any knowledge as to whether Trinity has
22 ever provided any oral reports to NMTV?

23 A No, I'm not aware.

24 Q Do you know whether Trinity has ever provided any
25 written reports?

1 A I cannot state that accurately.

2 Q Thank you. I want you to look at payment for
3 services on the first page. And you see that there's a sum of
4 \$422.50 a month?

5 A Yes.

6 Q Let me first make it clear, this agreement was
7 entered into before you became a director.

8 A Correct.

9 Q If you noticed 2 years before you became a director.

10 A Um-hum.

11 Q And I wanted to make sure you, you understand I
12 wasn't -- I'm making clear that, making that clear to you.

13 A Yes.

14 Q Now my question is have you ever been told by
15 anybody what the basis was for the \$422.50 a month which is
16 being charged by Trinity to NMTV?

17 A What was the breakdown?

18 Q My question is how was the \$422.50 arrived at? Was
19 that ever told to you by anybody?

20 A No.

21 Q Thank you.

22 A Never asked.

23 Q Now you know there's an affiliation agreement
24 between NMTV in Portland and TBN, right?

25 A Correct.

1 (Pause.)

2 Q Would you look at Bureau Exhibit 283?

3 MR. TOPEL: Volume 5. What was the number?

4 MR. COHEN: The number is --

5 MR. TOPEL: 283.

6 MR. COHEN: 283.

7 JUDGE CHACHKIN: 283 is the number.

8 DR. RAMIREZ: Thank you.

9 MR. COHEN: Just look at -- just skim it. Don't,
10 don't read every section of it carefully. I just wanted you
11 to just look it over long enough to see whether you recognize
12 it or not.

13 DR. RAMIREZ: 283.

14 MR. COHEN: 283.

15 (Pause.)

16 JUDGE CHACHKIN: Mr. Cohen wants you to know if
17 you're familiar with the document not to read, read through
18 the paragraphs. Are you familiar with that document?

19 DR. RAMIREZ: Yes, yes, Your Honor.

20 BY MR. COHEN:

21 Q You've seen it before then.

22 A Yes.

23 Q Yes. Now when did you see that -- again I want to
24 be very fair with you. You understand this document was
25 entered into before you became a director.

1 A Yes.

2 Q It was entered into back in, back in December of
3 '89. Long antedated you. When did you see it for the first
4 time?

5 A At the time I reviewed the files the first time.

6 Q And have you had occasion to discuss this document
7 with Mrs. Duff?

8 A No, sir.

9 Q Have you had occasion to discuss it with Paul
10 Crouch?

11 A No, sir.

12 Q Have you had occasion to discuss it with anybody in
13 the world?

14 A No, sir.

15 Q So you've never discussed the provisions in this
16 agreement with anybody.

17 A No, sir.

18 Q Now how much time would you estimate you have spent
19 reading this document as, as of this minute?

20 A I read it once thoroughly and reviewed it one, one
21 other time and just now, another bird's-eye view.

22 Q Well, as of the time of your deposition you had just
23 glanced through it. Isn't that correct?

24 A Um-hum. Yes.

25 Q Now this document provides for a lot of things. One

1 of the things it provides for is that NMTV carry certain TBN
2 programming.

3 A Yes, sir.

4 Q You understand that. Okay. Since you've been a
5 director of NMTV, have you given any consideration as to
6 whether the Portland station should carry programming in
7 addition to the programming that's supplied by Trinity?

8 A I've not given it too much thought because I've used
9 the feeling. Right now my work is being consumed by this
10 process.

11 Q Well, you say you haven't given it too much thought.
12 Is it, is it an accurate statement you haven't given it any
13 thought?

14 A Well, no, I have given it some thought. I mean as
15 you think of, of possibilities. But no, we've not set any
16 agenda or meetings to discuss this or --

17 Q Well, it's, it's a fair statement then that you
18 haven't talked with any of your fellow directors --

19 A That's correct.

20 Q -- about whether the Portland station should carry
21 programming in addition to that provided by Trinity. That's a
22 fair --

23 A That is correct, yes.

24 Q Now do you know at the present time how many hours
25 of TBN programming are carried weekly by the Portland station?

1 A I do not know accurately. I know, I know it is
2 substantial.

3 Q And can you quantify substantial? Or is this a
4 guess? If you -- I don't want you to guess.

5 A No, no, no. Yes, substantial would be, I don't
6 know, beyond 40 hours.

7 Q Look at paragraph 6B on page 5, and you'll see that
8 broadcaster which is NMTV is required to carry a minimum of 9,
9 9 other hours of TBN programming at whatever time broadcaster
10 shall decide. You see that?

11 A On page 6?

12 Q Yes. Other hours.

13 MR. TOPEL: It's on page 5 I believe. Paragraph 6B.

14 DR. RAMIREZ: Oh, yes.

15 BY MR. COHEN:

16 Q And if you read -- yeah. Do you see that?

17 A Yeah, 6B?

18 Q Well, read 6A and B to yourself. Read it --

19 A Okay. The one that says payment?

20 Q Yes. Read 6A and B to yourself. Read C also to
21 yourself. Read the whole paragraph.

22 A Okay.

23 Q 6A, B and C.

24 (Pause.)

25 A Okay.

1 Q Yes. Now my question is A and B tell you how much
2 programming, TBN programming that NMTV must carry. And C
3 tells, tells you that you can, NMTV can carry any other TBN
4 programming provided via satellite. My question is have you
5 given any consideration as of this minute to what programming
6 NMTV should carry pursuant to the requirements of paragraph 6?

7 A Not in specific relation to this paragraph. But as
8 an overall picture, yes, I, I have given it some thought.
9 And --

10 Q Well -- oh, excuse me. I didn't want to cut you
11 off. Continue your answer.

12 A And I'm sure that we will review what is happening
13 there and what needs to be done. But no, I have not tied it
14 directly to this paragraph. But just as part of a normal duty
15 of somebody on a board, you must review and consider what you
16 have and what you would like to have.

17 Q Well, how long have you been a board member, sir?

18 A Oh, very shortly since April 20th of '93.

19 Q So what, what, that's about 9 months? Is that a --

20 A Yes, sir.

21 Q Okay. So you're, you're saying that in this period
22 of about 9 months you haven't, you haven't given consideration
23 to this matter. Is that it?

24 A Personal, yes. But not -- we have not had an
25 opportunity to come together as a board since we are involved

1 in this important process.

2 Q Now to your knowledge -- first of all, do you know
3 how many hours a day the Portland station operates?

4 A No, I do not know.

5 Q Do you know whether the Portland station has not
6 carried, underscore not carried, any TBN programming since, in
7 calendar 1993?

8 A I'm sorry. I did not understand your question.

9 Q Sure. Do you know whether the Portland station did
10 not, underscore not, carry any of the TBN programming that's
11 fed to it?

12 A No, I'm not aware.

13 Q In 1993.

14 A No.

15 Q Do you know in 1993 whether the Portland station
16 originated any programming of its own?

17 A I know they have produced some local programming. I
18 know that for a fact.

19 Q And do you know what programming that is?

20 A Yes. The Joy program, public affairs programming
21 for the area. And I know that there are programs geared
22 toward minorities in the making.

23 Q In the making. You mean not --

24 A Right.

25 Q -- have not yet been broadcast.

1 A Yes. And, and I think there's a new face, and I
2 don't know the whole history of it but --

3 Q I want to ask you about -- this is related to the
4 Joy program. Would you look at Mass Media Bureau Exhibit 383?

5 MR. TOPEL: What number, sir?

6 MR. COHEN: 383.

7 MR. TOPEL: In volume 6.

8 (Pause.)

9 BY MR. COHEN:

10 Q Now I'm not going to be asking you questions about
11 the, the substance of this document. Or if I do it will be
12 just be one or two and I'll focus you. My first question is
13 have you ever seen that document before this minute? And
14 spend as much time as you need to review it in order to answer
15 that question. But you don't have to study the, the details.

16 A Yes. I think it was part of the --

17 Q But, but take as much time as you need.

18 A Okay. I think it was part of the documents in the
19 files that I reviewed. But I did not read it thoroughly.

20 Q Well, am I correct that as of this minute you
21 haven't read it thoroughly.

22 A Right. Just a bird's-eye view.

23 Q And you haven't discussed this document with, with
24 anybody in the world.

25 A That is correct.

1 Q Now this is a document which provides for the
2 production of the program Joy which, which you exhibited some
3 knowledge of.

4 A Yes.

5 Q And I want you to read to yourself paragraph 2G as
6 in George which is on the second page, and tell me when you're
7 ready.

8 A Yes.

9 (Pause.)

10 A Yes, sir.

11 Q Now you'll notice that it states the producer
12 represents it is entered -- the producer is NMTV.

13 A Yes.

14 Q Did you see that? And again this agreement was
15 entered into before you became a director. I'm, I'm aware of
16 this, and I want you to make sure you're aware of that.

17 A Yes.

18 Q The agreement provides that the producer, NMTV,
19 represents it is heretofore entered an agreement, heretofore
20 entered an agreement for Mr. McClellan's services during the
21 term of this agreement in order to perform hereunder. My
22 question is do you know -- well, first of all, what's Mr.
23 McClellan's job title?

24 A He's the manager of the Portland station.

25 Q Now do you know whether he personally receives the

1 compensation that's provided for in this paragraph?

2 A I am not aware, sir. I know he is compensated. I
3 do not know how much.

4 Q Do you know whether, whether Mr. McClellan receives
5 any compensation for his efforts in, in producing the program
6 Joy?

7 A I'm not aware of that.

8 Q Do you know how many hours each week Mr. McClellan
9 devotes to producing the Joy program?

10 A No, I don't.

11 (Pause.)

12 Q You can put that volume aside. Thank you. I want
13 to ask you a few questions about the debt that NMTV owes to
14 TBN. I think you testified before the luncheon recess that
15 Mr. Topel had told you that the, that the debt was \$5 million?

16 A That is correct.

17 Q Are you aware whether that number is memorialized in
18 any document?

19 A No, I have not seen it. It could have been part of
20 that file. But I don't recall it.

21 Q I want to help you find -- I want to find a document
22 to help, help you.

23 (Pause.)

24 MR. COHEN: Can we go off the record, Your Honor?
25 If somebody would help me I could -- well, okay. I'll just

1 have to -- just give me a minute, Your Honor. I can find --
2 (Pause.)
3 MR. COHEN: Glendale Exhibit 93.
4 MR. TOPEL: No number.
5 MR. COHEN: That's Glendale.
6 JUDGE CHACHKIN: Oh.
7 MR. TOPEL: That's the number.
8 JUDGE CHACHKIN: 93.
9 MR. COHEN: Which I, I think is TBN 101 I mean my
10 note reflects. Is that right? Which, which one are you
11 looking at? Glendale?
12 DR. RAMIREZ: Glendale.
13 MR. COHEN: Glendale, okay. 93 which I think is TBN
14 101. Is that right, gentlemen? Is that 101, TBN 101?
15 Let's -- we'll just look at Glendale 93. Now you'll notice,
16 doctor, that this is a promissory note for \$5,030,000 -- \$5
17 million rather, \$5 million and change.
18 DR. RAMIREZ: Right.
19 MR. COHEN: And this was also -- and this is dated
20 before you became a director.
21 DR. RAMIREZ: Correct.
22 MR. COHEN: Because you didn't become a director
23 until April and this is January. Now have you ever seen this
24 document before this minute, before this, this instant? And
25 spend as much time as you need to review --

1 DR. RAMIREZ: No, I haven't. Or don't recall having
2 seen it.

3 JUDGE CHACHKIN: He says he's never seen it.

4 MR. COHEN: Okay.

5 DR. RAMIREZ: Oh, I'm sorry. Thank you, Your Honor.

6 BY MR. COHEN:

7 Q Did Mr., did Mr. Topel tell you that there was a
8 promissory note outstanding between NMTV and, and Trinity?

9 A I assumed that's what it was when he said there was
10 a debt. So I assumed there was some legal documentation for
11 that.

12 Q But, but you've never seen the legal documentation.

13 A Not that I can recall.

14 Q Now --

15 A It may have been again in the files. But I cannot
16 say.

17 Q Do you know whether TBN has ever forgiven any
18 portion of NMTV's debt to TBN?

19 A I am not aware of that.

20 Q Now do you -- are you aware whether there's any
21 security for the, the loan of \$5 million from TBN to NMTV?

22 A Any security.

23 Q Do, do you know the term security? Maybe I'm --
24 collateral?

25 A Collateral? Okay.

1 Q Yeah. Is that a term you're familiar?

2 A Well, yes. I mean something that you --

3 Q You know, when you borrow money you've got to,
4 you've got to show the bank you're good for it. They can --

5 A Right.

6 Q -- hold on to what you got, that kind of stuff?

7 A Sure.

8 Q You understand. Do you know if there's any
9 collateral or security for this loan?

10 A Yeah, there is money in the bank and then the
11 property in Portland.

12 Q Well, is it your understanding that, that -- well,
13 tell me your understanding of the security for the loan if you
14 have any.

15 A Well, I would imagine the equipment and the property
16 in Portland. I don't know how much that is worth but --

17 Q Are you guessing now or do you, or do you know --

18 A Yes. I, I do not know what is the value.

19 Q No.

20 A And then money in the bank that also may be a
21 guarantee against the loan.

22 Q Are you, are you guessing that what you've just
23 described is in fact security for the loan? You don't know
24 that do you?

25 A No, I do not know.

1 Q So in point of fact, you don't know if there's any
2 security for the loan.

3 A Right. Yes. I do not know for a fact.

4 Q Now is NMTV paying, paying this debt off?

5 A I'm not aware of that, sir.

6 Q No one has made you aware.

7 A No. And I have not asked so far.

8 Q And if I told you that NMTV has been making monthly
9 payments of \$27,000 a month that would come as a surprise to
10 you.

11 A Yes. As a pleasant surprise.

12 Q As a pleasant surprise. Do you know whether any
13 interest is, is being paid on the, the debt from TBN to NMTV?

14 A I do not know those details.

15 (Pause.)

16 Q Would you please look at Mass Media Bureau Exhibit
17 386.

18 MR. TOPEL: That would be in volume 6.

19 BY MR. COHEN:

20 Q That should be the annual meeting for 1992. Is that
21 right?

22 A Yes.

23 Q Okay. Now this occurred before you, you became a
24 director. You understand that.

25 A Yes, I do.

1 Q Now I want you to review the document. And I'll,
2 and I'll tell you what I want you to focus on. I want you to
3 focus on the second paragraph on page 2. And spend as much
4 time as you need to read it in order to focus.

5 (Pause.)

6 A I have read it. The second paragraph, right?

7 Q Yes. And now first of all, have you ever seen, have
8 you ever seen these minutes before?

9 A I know they were part of the documents I reviewed.
10 But again just --

11 Q You never focused on this document.

12 A No. No. Just know they existed.

13 Q Now if you'll notice it states in the second
14 paragraph, "After discussion it was determined that a 5-year
15 plan was feasible."

16 A Yes.

17 Q You see that. Okay. Has anybody ever talked with
18 you about the 5-year plan to bring NMTV out of debt?

19 A No, sir.

20 Q Now -- that's all I have for that.

21 (Pause.)

22 Q Now in 1993, did you attend any meetings where Mr.
23 McClellan was present?

24 A No, sir.

25 (Pause.)

1 Q Do you know -- do you have any knowledge at all
2 about the program logs that are prepared by the Portland
3 station?

4 A No, I have not seen them. I intend to visit the
5 station in the near future, and certainly that's one thing I
6 want to see.

7 Q But you have not visited the station yet.

8 A Not yet.

9 Q Okay. Do you know what, concerning the programming
10 logs what functions are provided by TBN and what functions are
11 provided by NMTV?

12 A As reflected in the logs.

13 Q As concerning the preparation of the logs. Do you
14 have any knowledge as to how they're prepared and who does
15 what?

16 A No. No. But I know they have to be kept up to
17 date.

18 Q Are you familiar with the Praise-a-thon, TBN Praise-
19 a-thon program?

20 A Yes, I am.

21 Q Does the Portland station carry the Praise-a-thon do
22 you know?

23 A Yes. Because that's part of the agreement that we
24 get 80 percent of the revenues by zip code.

25 Q Have you ever -- do you have any knowledge as to

1 whether TBN gave NMTV as a gift any sets for programming use
2 in Portland?

3 A I'm not aware, but that would be nice.

4 Q Do you know how the Portland station's accounts
5 receivable and accounts payables are, are handled?

6 A Yes, through the agreement between NMTV and TBN for
7 TBN to provide these kinds of services.

8 Q Do you -- tell me insofar as the accounts receivable
9 is concerned what services does TBN provide?

10 A Payroll, accounts payable.

11 Q No, accounts receivable I'm asking you.

12 A I'm sorry. I cannot break --

13 Q Well, accounts --

14 A And all of our financial services. But I cannot
15 give you a true account breakdown of everything.

16 Q You really don't know the difference between
17 accounts receivable and accounts payable.

18 A Well --

19 Q Is that what you're saying?

20 A -- yes. That's what you receive and what you give
21 out. But what -- I mean what exactly TBN does --

22 Q You don't know.

23 A Exactly. Nobody -- but we do receive services from
24 them.

25 Q But you don't know what the services are. You just